



Office of the  
Secretary of Defense

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# **PAY & COMPENSATION Service & Unified Command SENIOR ENLISTED ADVISORS' CONFERENCE**

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# FY-05 Military Pay Raise

- 3.5% Across-the Board Raise
- ½% higher than average private sector pay raise (Employment Cost Index)
- Continues effort began in FY01 to move military pay towards the 70<sup>th</sup> percentile of comparable civilians



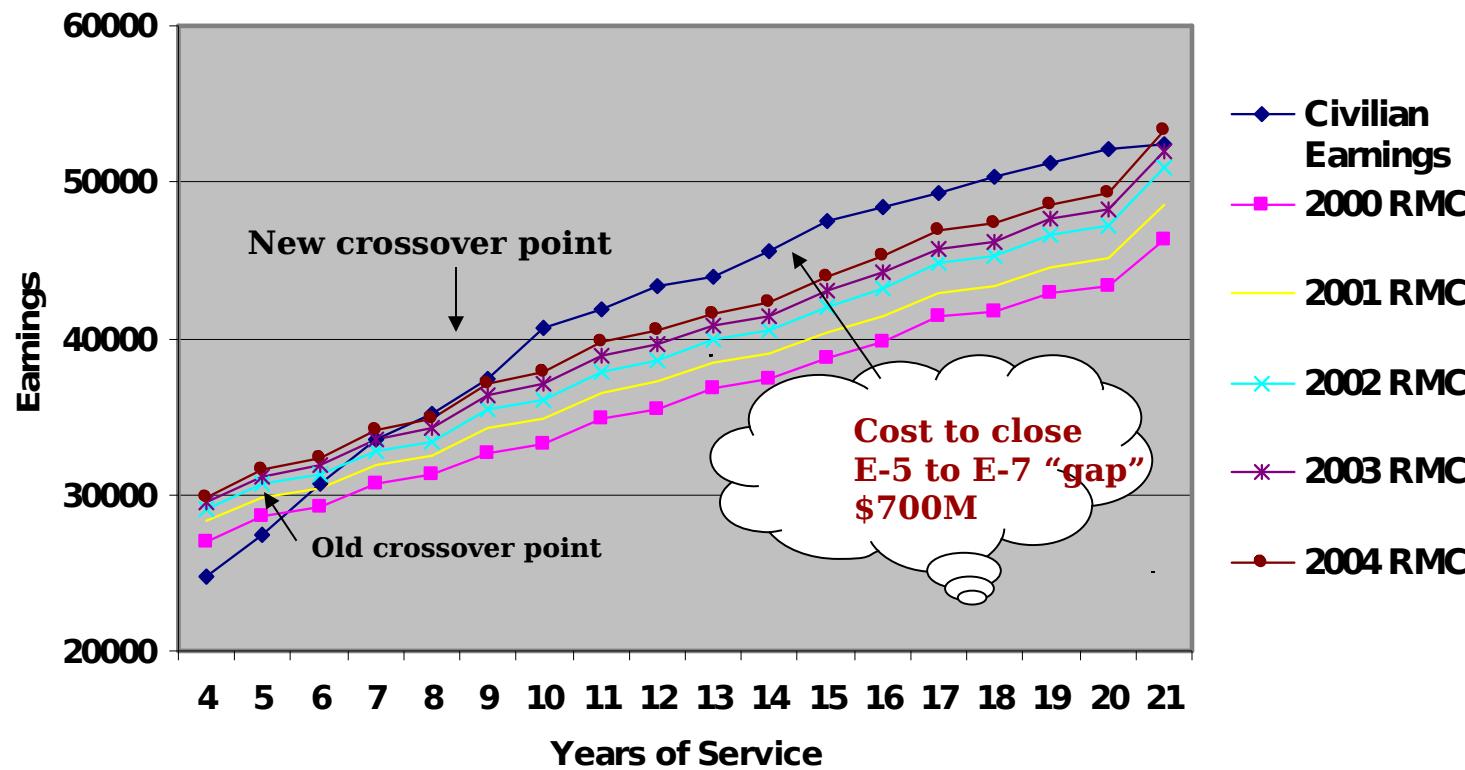


# Proposed FY-05 Basic Pay Table

PAY GRADE	1	2	3	4	6	8	10	12	14	16	18	20	22	24	26
<b>COMMISSIONED OFFICERS</b>															
O-10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12963.00	13026.60	13297.50	13769.40
O-9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11337.90	11501.10	11737.20	12149.10
O-8	8022.30	8285.10	8459.40	8508.30	8725.50	9089.40	9173.70	9519.00	9618.00	9915.30	10345.50	10742.40	11007.60	11007.60	11007.60
O-7	6666.00	6975.60	7119.00	7233.00	7439.10	7642.50	7878.30	8113.50	8349.00	9089.40	9714.60	9714.60	9714.60	9714.60	9763.80
O-6	4940.70	5427.90	5784.00	5784.00	5805.90	6054.90	6087.90	6433.80	7045.50	7404.60	7763.40	7967.70	8174.10	8575.50	
O-5	4118.70	4639.80	4961.10	5021.40	5221.50	5341.80	5605.50	5799.00	6048.60	6431.10	6613.20	6793.20	6997.50	6997.50	6997.50
O-4	3553.80	4113.90	4388.40	4449.60	4704.30	4977.60	5317.50	5582.70	5766.60	5872.20	5933.70	5933.70	5933.70	5933.70	5933.70
O-3	3124.50	3542.10	3823.20	4168.20	4367.70	4586.70	4728.60	4962.00	5083.20	5083.20	5083.20	5083.20	5083.20	5083.20	5083.20
O-2	2699.40	3074.70	3541.20	3660.90	3736.20	3736.20	3736.20	3736.20	3736.20	3736.20	3736.20	3736.20	3736.20	3736.20	3736.20
O-1	2343.60	2439.00	2948.10	2948.10	2948.10	2948.10	2948.10	2948.10	2948.10	2948.10	2948.10	2948.10	2948.10	2948.10	2948.10
O-3E	0.00	0.00	0.00	4168.20	4367.70	4586.70	4728.60	4962.00	5158.50	5271.00	5424.60	5424.60	5424.60	5424.60	5424.60
O-2E	0.00	0.00	0.00	3660.90	3736.20	3855.30	4055.70	4211.10	4326.60	4326.60	4326.60	4326.60	4326.60	4326.60	4326.60
O-1E	0.00	0.00	0.00	2948.10	3148.80	3264.90	3383.70	3500.70	3660.90	3660.90	3660.90	3660.90	3660.90	3660.90	3660.90
<b>WARRANT OFFICERS</b>															
W-5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5548.20	5738.40	5929.20	6121.20	
W-4	3228.60	3473.40	3573.30	3671.40	3840.30	4007.10	4176.30	4341.00	4511.70	4779.00	4950.00	5117.40	5290.80	5461.80	5636.40
W-3	2948.40	3071.70	3197.40	3238.80	3371.10	3522.30	3721.80	3918.90	4128.30	4285.50	4442.10	4509.30	4578.90	4730.10	4881.30
W-2	2593.50	2741.70	2871.30	2965.50	3046.20	3268.20	3438.00	3564.00	3687.00	3771.30	3842.40	3977.40	4111.50	4247.40	4247.40
W-1	2290.20	2477.70	2603.10	2684.40	2900.40	3030.90	3146.40	3275.40	3360.90	3438.30	3564.30	3659.70	3659.70	3659.70	3659.70
<b>ENLISTED MEMBERS</b>															
E-9	0.00	0.00	0.00	0.00	0.00	3901.20	3989.70	4101.00	4232.40	4364.10	4575.90	4755.00	4943.70	5231.70	
E-8	0.00	0.00	0.00	0.00	0.00	3193.50	3334.80	3422.10	3527.10	3640.50	3845.40	3949.20	4125.90	4224.00	4465.20
E-7	2220.00	2423.10	2515.80	2638.80	2734.50	2899.50	2992.20	3084.60	3249.60	3332.40	3410.70	3458.70	3620.40	3725.10	3990.00
E-6	1920.30	2112.60	2205.90	2296.50	2391.00	2604.30	2687.10	2779.20	2859.90	2888.70	2908.20	2908.20	2908.20	2908.20	2908.20
E-5	1759.50	1877.10	1967.70	2060.70	2205.30	2329.80	2421.60	2450.70	2450.70	2450.70	2450.70	2450.70	2450.70	2450.70	2450.70
E-4	1612.80	1695.60	1787.10	1877.70	1957.80	1957.80	1957.80	1957.80	1957.80	1957.80	1957.80	1957.80	1957.80	1957.80	1957.80
E-3	1456.20	1547.70	1641.00	1641.00	1641.00	1641.00	1641.00	1641.00	1641.00	1641.00	1641.00	1641.00	1641.00	1641.00	1641.00
E-2	1384.50	1384.50	1384.50	1384.50	1384.50	1384.50	1384.50	1384.50	1384.50	1384.50	1384.50	1384.50	1384.50	1384.50	1384.50
E-1 <4	1235.10	1235.10	1235.10	1235.10	1235.10	1235.10	1235.10	1235.10	1235.10	1235.10	1235.10	1235.10	1235.10	1235.10	1235.10
E-1 <4	1142.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
C/S	15146.40	M/S	6304.20												
<i>FY2005 Proposed Military Pay Raise</i>															
<b>DRAFT</b>															



# Comparison of Military Members' RMC with Civilian Earnings for Some College: 2000-2004





# Basic Allowance for Housing

- **Continuing reduction in out-of-pocket expenses (tied to local housing costs)**
- **Average member's out-of-pocket expenses will be reduced from 3.5% in FY 2004 to 0% in FY 2005**
- **Average BAH increase should be about 7%**



# Basic Allowance for Housing

- Authority restored to allow for “low-cost” or “no-cost” moves for members assigned outside the US
- Authority already existed for CONUS moves





# Basic Allowance for Subsistence

- **RIKNA will be eliminated on Jan 1, 2005**
- **New BAS rate will not be out until mid-Nov, but should be around 4.1%**
- **FSSA**
  - FY03 647 FSSA participants with avg payment of \$260/mo – 70% in grades E-3/E-4



# FY05 NDAA Compensation Provisions

- Makes permanent the increased rate for hostile fire and imminent danger pay (IDP) from \$150 to \$225 per month
- Makes permanent the increased rate for family separation pay (FSP) from \$100 to \$250
- Authorizes BAH at training/PME location, last duty station, or location dependents reside (for training/education PCS moves of 12 months or less)



# FY05 NDAA Compensation Provisions, con't

- Authorizes up to three months advance of basic pay for members deployed for more than one year to an area in receipt of hostile fire or IDP
- Establishes that IDP and FSA shall not count for the purposes of determining eligibility for Family Subsistence Supplemental Allowance (FSSA) and that FSSA shall not count as income in determining eligibility for selected Federal programs (include the School Lunch Program)
- Allows enlisted personnel serving on indefinite reenlistments in designated military skills to receive a critical skills retention bonus



# FY05 NDAA Compensation Provisions, con't

- Authorizes payment of \$150 Hazardous Duty Incentive Pay to military members whose duties involve regular participation as a firefighting crewmember
- Increases flexibility in the assignment incentive pay program
- Authorizes payment of a lump sum COLA for nonrecurring expenses
- Modifies active duty reenlistment bonus authority by changing eligibility to not more than 16 years of active duty service vs. 14 years and computation through 18 YOS vs. 16 years



# FY05 NDAA Compensation Provisions, con't

- **Repeals requirement that members entitled to BAS pay subsistence charges while hospitalized**
- **Makes permanent the temporary authority to provide medically evacuated military members up to \$250 in civilian clothing**
- **Expands burial travel to parents of a deceased member**
- **Changes the former travel restriction of two family members to three family members and allows per diem to visit very seriously injured / ill**
- **Authorizes a dependent child to procure accommodations while en route between the child's school and the member's duty station**



# FY05 NDAA Special Provisions for Retirees / Survivors

- **Provides for annual indexing of the \$12,000 Death Gratuity**
- **Phases out the reduction of SBP from 55% to 35% at age 62 by March 2008**
  - 40% in October 2005
  - 45% in April 2006
  - 50% in April 2007
  - 55% in April 2008
  - Provides one-year open enrollment season beginning 1 Oct 05
- **Provides immediate full concurrent receipt for those retirees rated 100% disabled by VA, effective 1 Jan 05**



# Thrift Savings Plan (TSP)

- **Approx 303,000 members enrolled during first year**
  - 241,000 active
  - 62,000 guard and reserve
- **17% of active force enrolled**
  - Exceeded DoD projection of 10%



# Federal Long Term Health Care Insurance

- Effective 2003--provides low cost, long term health care for military personnel and federal civilian employees
- Coverage includes...
  - Nursing home care
  - Assisted living
  - Adult care





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# Questions?



# Back Up



# FY05 NDAA Special Provisions for Reservists

- **Modifies reserve bonus authorities by establishing new limitations on bonus amounts and time constraints**
  - **Selected Reserve Reenlistment Bonus:** Changes eligibility to not more than 16 YOS (vs. 14); raises caps to \$15K (vs. \$5K) for 6 years, \$7.5K (vs. \$2.5K) for 3 years (no prior bonus), \$6K (vs. \$2K) for 3 years (prior bonus); allows lump sum or installments
  - **Selected Reserve Enlistment Bonus:** Raises cap to \$10K (vs. \$8K)
  - **Ready Reserve Enlistment Bonus - No Prior Service:** Raises cap to \$3K (vs. \$1K)
  - **Ready Reserve Enlistment Bonus - w/ Prior Service:** Raises caps to \$3K (vs. \$1.5K) for 6 years, \$1.5K (vs. \$750) for 3 years
  - **Selected Reserve Enlistment Bonus - w/ Prior Service:** Changes eligibility to not more than 16 YOS (vs. 14); raises caps to \$15K (vs. \$8K) for 6 years, \$7.5K (vs. \$4K) for 3 years (no prior bonus), and \$6K (vs. \$3.5K) for 3 years (prior bonus)



# FY05 NDAA Special Provisions for Reservists

- Authorizes accession or affiliation bonus of up to \$6,000 for officers to serve in Selected Reserve
- Expands current MOS Conversion Bonus authority to provide for a \$2,000 bonus for a Reserve Component members to convert the member's MOS to a shortage skill
- Provides more reasonable and favorable retirement base in calculation of disability retired pay and survivor benefits for Reserve Component members
- Authorizes payment of a bonus to Reserve Component members of up to \$6,000 for 12-month Foreign Language Proficiency certification period, and up to \$1,000 per month for members entitled to basic pay



# CENTCOM AOR

<b>Country/Area</b>	<b>Hardship Duty Pay-Location</b>	<b>Imminent Danger Pay</b>	<b>Tax Relief/Combat Zone Or Qualified Hazardous Duty Area</b>
Afghanistan	\$100	land and airspace above	CZ eff9-19-01
Bahrain		land and airspace above	CZ eff1-17-91
Djibouti	\$100	land area	CZ eff7-1-02
Egypt	Cairo West AB-\$100; Other-\$50	land area	
Eritrea	\$100	land area	
Ethiopia	\$100	land area	
Iran		land area	
Iraq	\$100	land and airspace above	CZ eff1-17-91
Jordan	King Faisal AB, Prince Hasan, & Shaheed-\$100; Other-\$50	land area	CZ Direct Support OIF eff3-19-03
Kazakhstan	\$150		
Kenya	\$100	land area	
Kuwait	\$100	land and airspace above	CZ eff1-17-91
Kyrgyzstan	\$100	land area	CZ eff9-19-01
Oman	Muscat-\$50; Other-\$100	land area	CZ eff1-17-91
Pakistan	\$100	land area	CZ eff9-19-01
Qatar	Al Udeid AB, Camp Snoopy, Camp As Syliyah-\$50; Other-\$0	land and airspace above	CZ eff1-17-91
Saudi Arabia	Ar'ar Airport and Tabuk AB-\$100; Other-\$0	land and airspace above	CZ eff1-17-91
Somalia		land and airspace above	
Sudan		land and airspace above	
Tajikistan	\$100	land area	CZ eff9-19-01
Turkmenistan	\$150		
United Arab Emirates	Dubai-\$0; Abu Dhabi-\$50; Other-\$100	land area	CZ eff1-17-91
Uzbekistan	\$100	land area	CZ eff9-19-01
Yemen	\$100	land area	CZ eff4-10-02
<b>Water Area</b>	<b>Hardship Duty Pay-Location</b>	<b>Imminent Danger Pay</b>	<b>Tax Relief/Combat Zone Or Qualified Hazardous Duty Area</b>
Persian Gulf		sea and airspace above	CZ eff1-17-91
Red Sea		sea area	CZ eff1-17-91
Gulf of Oman		sea area	CZ eff1-17-91
Arabian Sea N of 10 deg N lat & W of 68 deg E long		sea area	CZ eff1-17-91
Gulf of Aden		sea area	CZ eff1-17-91



# EUCOM AOR

Country/Area	Hardship Duty Pay-Location	Imminent Danger Pay	Tax Relief/Combat Zone Or Qualified Hazardous Duty Area
Albania	\$150		CZ eff 3-24-99
Algeria		land area	
Angola	Luanda-\$100; Other \$0	land area	
Armenia	\$150		
Azerbaijan		land area	
Azores (Portugal)	Ponta Delgada-\$50; Other (includes Lajes Field)-\$50		
Belarus	\$150		
Benin	\$150		
Bosnia-Herzegovina		land and airspace above	QHDA eff 11-21-95
Botswana	Gaborone-\$0; Other-\$50		
Bulgaria	Sofia and Burgas-\$150; Other-\$150		
Burkina	\$150		
Burundi		land area	
Cameroon	Dschang-\$100; Other-\$150		
Cape Verde	\$150		
Central African Rep.	\$150		
Chad	\$150		
Congo	Brazzaville-\$150; Other-\$100		
Congo, Dem. Rep. of		land area	
Cote d'Ivoire	\$100	land area	
Croatia		land and airspace above	QHDA eff 11-21-95
Cyprus	Nicosia-\$0; Other-\$50		
Estonia	\$50		
Gabon	Libreville-\$100; Other-\$150		
Gambia	\$150		
Georgia	\$100	land area	
Ghana	\$150		
Greece	Kavala Relay Sta-\$50; Other-\$0	Athens land area	
Greenland	\$150		
Guinea	\$150		
Guinea-Bissau	\$150		
Hungary	Budapest-\$0; Other-\$50		
Iceland	Keflavik-Grindavik and Other-\$50; Reykjavik-\$0		



# EUCOM AOR

Country/Area	Hardship Duty Pay-Location	Imminent Danger Pay	Tax Relief/Combat Zone Or Qualified Hazardous Duty Area
Israel	\$50	land area	
Latvia	\$50		
Lebanon	\$50	land area	
Lesotho	\$100		
Liberia	\$100	land area	
Lithuania	\$50		
Macedonia, Former Yugo. Rep. Of			
		land and airspace above	QHDA eff 11-21-95
Malawi	\$100		
Mali	\$150		
Mauritania	\$150		
Moldova	\$150		
Mozambique	\$150		
Namibia	Windhoek-\$0; Other-\$50		
Niger	\$150		
Nigeria	\$150		
Poland	\$50		
Romania	Bucharest-\$150; Other-\$100		
Russia	Moscow-\$100, St. Petersburg-\$100; Other-\$150		
Rwanda		land area	
Sao Tome and Principe	\$150		
Senegal	Dakar-\$100; Other-\$50		
Sierra Leone	\$100	land area	
Slovenia			
Spain	EI Ferrol-\$50; Other-\$0		
Syria	\$100	land area	
Tanzania	Dar es Salaam-\$150; Other-\$150		
Togo	\$150		
Tunisia	\$50		



# EUCOM AOR

<b>Country/Area</b>	<b>Hardship Duty Pay-Location</b>	<b>Imminent Danger Pay</b>	<b>Tax Relief/Combat Zone Or Qualified Hazardous Duty Area</b>
Turkey	Afyon; Batman; Corlu; Diyarbakir; Gaziantep; Iskendrun; Mardin; Mersin; Oguzeli; Sabiha Gokcen; Sanliurfa; Tasucu; Nusaybin; Konya; Pirinclkik-\$100. Eskisehir-\$50. Other-\$0	land area	CZ Direct Support OIF eff 1-1-03
Uganda	\$100	land area	
Ukraine	\$150		
Western Sahara	Laayoune and MINURSO UN Team Sites - \$150		
Yugoslavia, Fed. Rep. of (Serbia and Montenegro)		land and airspace above	CZ & QHDA eff 3-24-99
Zambia	Lusaka-\$100; Other-\$150		
Zimbabwe	\$150		
<b>Water Area</b>	<b>Hardship Duty Pay-Location</b>	<b>Imminent Danger Pay</b>	<b>Tax Relief/Combat Zone Or Qualified Hazardous Duty Area</b>
Adriatic Sea			CZ eff 3-24-99
Ionean Sea N of 39 deg N lat			CZ eff 3-24-99



# PACOM AOR

Country/Area	Hardship Duty Pay-Location	Imminent Danger Pay	Tax Relief/Combat Zone Or Qualified Hazardous Duty Area
Australia	Alice Springs and Learmonth Solar Observatory-\$50; Other-\$0		
Bangladesh	\$150		
Brunei	\$100		
Burma (Myanmar)	\$150		
Cambodia	\$150		
Chagos Archipelago	Diego Garcia-\$150; Other-\$50		
China	Beijing, Chengdu, Shenyang, Guangzhou, Other-\$150; Shanghai-\$100		
Cook Islands	Rarotonga-\$50; Other-\$100		
Fiji	\$100		
India	Chennai-\$150; Other-\$150		
Indonesia	\$100	land area	
Johnston Island	\$150		
Korea, Dem. Rep. Of (North)	\$150		
Korea, Rep. Of (South)	Area 1-\$150; Camp Yongin and Pohang-\$100; Other-\$50		
Laos	\$150		
Madagascar	\$150		
Malaysia	\$50	land area	
Marshall Islands	Majuro-\$100; Kwajalein Atoll and Other-\$50		
Mauritius	\$50		
Micronesia	Kosrae-\$150; Chuuk, Pohnpei, Yap-\$100; Other-\$50		
Mongolia	\$150		
Nepal	\$150		
Palau	\$50		
Papua New Guinea	\$150		
Philippines	\$100	land area	CZ Direct Support eff 1-9-02
Samoa	American Samoa-\$0; former Western Samoa-\$100		
Soloman Islands	\$100		
Sri Lanka	\$150		
Taiwan	Kaohsiung and Taipaei-\$100; Other-\$150		
Thailand	Songkhla-\$100; Bangkok, Chiang Mai-\$50; Other-\$100; Udom \$150		
Vietnam	\$150		



# SOUTHCOM AOR

Country/Area	Hardship Duty Pay-Location	Imminent Danger Pay	Tax Relief/Combat Zone Or Qualified Hazardous Duty Area
Antigua and Barbuda	Antigua AS-\$50		
Bahamas	Andros Island-\$50; Other-\$0		
Barbados	\$50		
Belize	Belize City-\$50; Other-\$100		
Bolivia	Cochabamba and Santa Cruz-\$50; Other-\$100		
Brazil	Sao Paulo; Fortaleza, Ceara; Recife, Pernambuco; and the states of Amazonas, Goias, Maranhao, Mato Grosso, Mato Grosso do Sul, Para, Piaui, Rondonia, and Roraima-\$50; Other-\$0		
Colombia	\$50	land area	
Costa Rica	San Jose-\$0; Other-\$50		
Cuba	Havana-\$150; Guantanamo Bay and Other-\$50		
Dominican Republic	\$100		
Ecuador	\$100		
El Salvador	San Salvador-\$150; Other-\$0		
Grenada	\$50		
Guatemala	Guatemala City-\$50; Other-\$100		
Guyana	\$150		
Haiti	\$100	land area	
Honduras	\$100		
Jamaica	Kingston-\$50; Other-\$0		
Nicaragua	\$150		
Panama	Panama City-\$0; Other-\$50		
Paraguay	\$50		
Peru	\$150		
Suriname	\$100		
Trinidad and Tobago	Port of Spain-\$50; Other-\$0		
Venezuela	\$100		



# PERSTEMPO

**Replaces \$100/day high deployment pay**

- **Compensates members for excessive deployments based on duration and frequency**
- **Sets statutory limit at \$1,000 per month**



# PERSTEMPO

- **Proposed Pay Scale:**

- >191 consecutive days = \$200 per/month
- >211 consecutive days = \$300 per/month
- >400 days out of preceding 730 days = \$100
- >425 days out of preceding 730 days = \$200
- >450 days out of preceding 730 days = \$300
- Combination of duration & frequency = \$600

- **Reduces decision level to 1<sup>st</sup> general/flag officer (including promotable O-6s or SES civilians)**



# Assignment Incentive Pay

- **For “hard-to-fill” assignments designated by Service Secretary**
- **Up to \$1,500 per month in addition to any other pay and allowances**
- **Authority expires 3 years after enactment**
- **Navy, so far, only Service playing**
  - Start May 2003



# Combat-Related Special Compensation

- **Established new payment for retirees with 20+ yrs of service who received Purple Heart and have at least a 10% disability rating or who have a 60%+ disability**
- **Payments to range from \$105 to \$2,100 per month**
  - Dependent on level of disability, not to exceed current reduction in retired pay due to prohibition against concurrent receipt



# Combat-Related Special Compensation

- **Disability must be combat related**
  - Direct result of armed conflict
  - Engaged in hazardous service
  - Conditions simulating war
  - Instrumentality of war
- **Injury for which Purple Heart was awarded**